

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 7532

Investigation into the rates charged by the Town of )  
Readsboro Electric Light Department in re: possible )  
deviation from approved rates and accuracy of the )  
calculation of refunds previously issued )

Order entered: 6/30/2009

**ORDER OPENING INVESTIGATION AND  
NOTICE OF PREHEARING CONFERENCE**

**I. INTRODUCTION**

This Order commences an investigation, pursuant to 30 V.S.A. §§ 30 (a)(2), 209, and 230, into the rates charged by the Town of Readsboro Electric Light Department ("Readsboro Electric"). The Vermont Public Service Board ("Board") is opening this investigation in response to concerns raised by the Vermont Department of Public Service ("Department") in Docket 7480, in which the Board approved the acquisition of Readsboro Electric by Central Vermont Public Service Corporation ("CVPS"). In the course of that proceeding, the Board became aware of an allegation that Readsboro Electric was billing customers at rates not authorized by its existing tariffs as filed with the Board in Docket 7322.<sup>1</sup> The Board is also opening this investigation to further address whether Readsboro Electric appropriately issued bill credits to its customers as a result of the Board's June 24, 2008, Order in Docket 7322.<sup>2</sup>

**II. DISCUSSION**

30 V.S.A. § 225 provides that a company may not change its schedules of rates except upon 45 days' notice to the Board and Department. 30 V.S.A. § 229 requires that public service companies make no deviation, directly or indirectly, from the rates for any service rendered by it

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1. Letter from Jeanne Burns, CVPS, to Susan Hudson, Clerk of the Board, dated January 7, 2009, at 2.

2. This issue was originally raised by Mr. Larry Hopkins in a letter to Susan Hudson, Clerk of the Board, dated November 12, 2008.

"as specified in its schedules of charges in effect at the time such service was rendered."

30 V.S.A. § 209 (a)(4) gives this Board jurisdiction over "[t]he . . . rate . . . charged by any company subject to supervision under this chapter, when unreasonable or in violation of law."

30 V.S.A. § 230 provides for the payment of a civil penalty for a violation of § 229.

Furthermore, 30 V.S.A. § 30 (a)(2) requires the payment of a civil penalty for a violation of Chapter 5 of Title 30, which includes § 225 and § 229. Pursuant to these statutory provisions, we are opening an investigation into the rates charged by Readsboro Electric, as further described below.

In Docket 7480, the Board approved the acquisition of Readsboro Electric by CVPS. In that proceeding, the Department informed the Board that it had learned that Readsboro Electric was billing customers at rates lower than its authorized tariffs. The Board did not pursue this serious allegation while the acquisition was pending.<sup>3</sup> Since then, the voters of Readsboro have twice defeated the proposed sale of Readsboro Electric.<sup>4</sup> Accordingly, in this investigation we will determine whether Readsboro Electric has billed its customers inappropriate rates in violation of its approved tariffs and 30 V.S.A. § 229 and if such violation is found, we will determine what penalty or penalties should be imposed.

On November 12, 2008, the Board received a letter from Mr. Larry Hopkins regarding the bill credits due to Readsboro Electric customers as a result of the Board's decision in Docket 7322.<sup>5</sup> In response to the concerns raised by Mr. Hopkins, the Board asked Readsboro Electric

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3. In our January 28, 2009, Order, we stated that if ultimately the acquisition of Readsboro Electric by CVPS was not consummated for any reason, the Board would open an investigation into the concerns raised by the Department.

4. The sale of Readsboro Electric to CVPS was put up for a town vote twice, first on March 3, 2009, and again, on June 2, 2009. In both instances the transaction failed to obtain the requisite support of three-fifths of the Town of Readsboro's legal voters present.

5. On June 24, 2008, the Board approved a Stipulation in Docket 7322 that resulted in a rate increase of 22.0 percent for Readsboro Electric customers. Readsboro Electric had originally requested a 26.82 percent increase and had been billing its customers at this rate since August 1, 2007. The Board ordered Readsboro Electric to use the difference between what it had been billing its customers and what it would have billed under the rates resulting from the Stipulation (the "Funds") to acquire, as cost-effectively as possible, the ability to provide bill credits to all customers through an automated process. Readsboro Electric was further ordered to use this new capability to issue refunds of any Funds remaining to all of its customers on a proportional basis.

to demonstrate that it had fully complied with the refund requirement in the June 24, 2008, Order.<sup>6</sup> Readsboro Electric provided a response on January 19, 2009; however, the data provided in the response were not adequate for Board staff to verify that Readsboro Electric appropriately refunded its customers.<sup>7</sup> Because the accuracy of refunds may involve some of the same issues as the possible deviation from authorized rates,<sup>8</sup> this investigation will also examine whether customers received appropriate refunds in accordance with the Board's decision to approve the Stipulation between the Department and Readsboro Electric in Docket 7322.

### **III. ORDER**

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. Pursuant to 30 V.S.A. Sections 30 (a)(2), 209, and 230, an investigation is opened into the rates charged by the Town of Readsboro Electric Light Department regarding the possible deviation from approved rates and accuracy of the calculation of refunds previously issued.
2. Pursuant to 30 V.S.A. Section 8, Andrea McHugh, Utilities Analyst, is appointed to serve as the Hearing Officer in this docket.
3. Pursuant to 30 V.S.A. Section 10, a prehearing conference shall be held in this matter on Thursday, July 16, 2009, commencing at 1:30 P.M., at the Public Service Board Hearing Room, Third Floor, Chittenden Bank Building, 112 State Street, Montpelier, Vermont.

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6. Memorandum from Susan Hudson, Clerk of the Board, to parties to PSB Docket No. 7322, dated January 8, 2009.

7. Specifically, Attachment B to Readsboro Electric's January 19 filing does not include the original amount billed. Therefore, it cannot be determined whether the surcharge percentages were applied, and the refund amount calculated, correctly.

8. For example, it would appear possible that problems in Readsboro Electric's billing system could have resulted in customers being charged incorrect rates and receiving incorrect refunds.

Dated at Montpelier, Vermont, this 30<sup>th</sup> day of June, 2009.

s/James Volz )

) PUBLIC SERVICE

s/David C. Coen )

) BOARD

s/John D. Burke )

) OF VERMONT

OFFICE OF THE CLERK

FILED: June 30, 2009

ATTEST: s/Susan M. Hudson

Clerk of the Board

*NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@state.vt.us)*